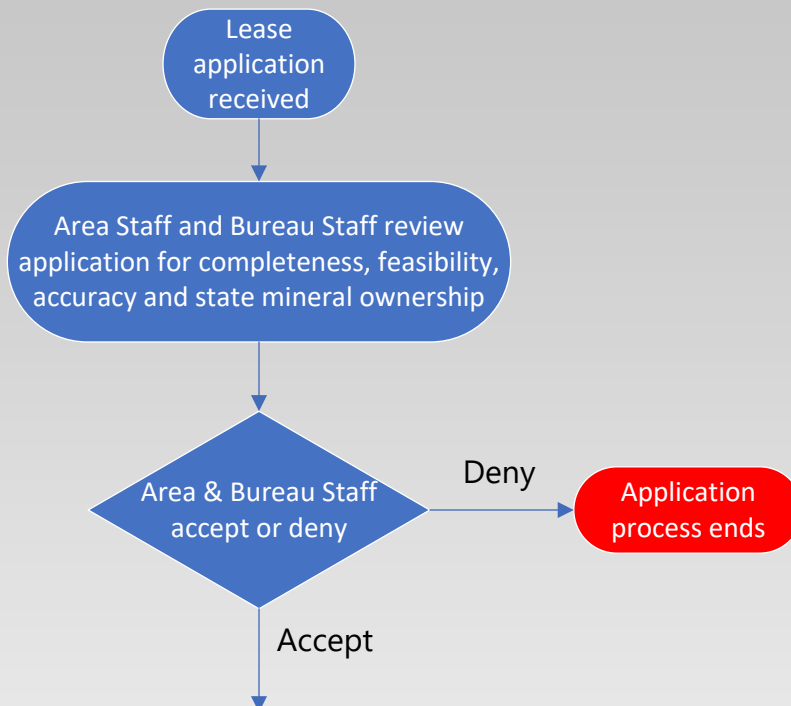




- UNLEASED LANDS - MINERALS and OIL & GAS LEASE ISSUANCE PROCESS

1. LEASE APPLICATION and REVIEW



2. LEASE DRAFTING

- Area Staff provide lease information to Bureau Staff
- Bureau Staff review and develop the draft lease
- Office of Attorney General reviews and suggests revisions to the draft lease, as needed
- Bureau Staff and Areas Staff review suggestions and resolve any questions
- Bureau Staff and Area Staff agree to revisions to the draft lease
- Office of Attorney General approves draft lease for further processing
- IDL provides draft lease to applicant for review and acceptance/ acknowledgement

continued on next page



- UNLEASED LANDS - MINERALS and OIL & GAS LEASE ISSUANCE PROCESS

3. LEASE AUCTION

On-Line Auction
using
EnergyNet.com

Auction Format
(determined by
Bureau Staff)

In-Person Auction

Advertising

- IDL notifies applicant of auction opening and closing dates
- EnergyNet.com posts auction information including:
 - auction opening and closing dates
 - auction registration process
 - auction rules and process
 - draft lease and other related information
- EnergyNet.com advertises auction
- IDL advertises auction on www.idl.idaho.gov
- IDL posts auction notice in local IDL office and Staff office
- Legal notice of auction published in local newspaper for 4 weeks

Auction

- Applicant registers on EnergyNet.com
- Other interested parties register on EnergyNet.com
- Auction is opened by EnergyNet.com for 1 week
- Registered participants bid until auction closing time
- EnergyNet.com identifies auction winner
- Auction winner pays EnergyNet:
 - application fee
 - first year's rent
 - pre-paid royalty (if required)
 - auction bid amount

Advertising

- IDL notifies applicant of auction date, time and location
- IDL advertises auction on www.idl.idaho.gov
- IDL advertises auction using other methods at its discretion
- IDL posts auction notice in local IDL office and Staff office
- Legal notice of auction published in local newspaper for 4 weeks

Auction

- Applicant registers at the auction location
- Other interested parties register at the auction location
- Auction process and rules are explained to participants
- Auction is opened for bidding
- Auction participants bid until auction is closed
- Auction winner pays IDL:
 - application fee
 - first year's rent
 - pre-paid royalty (if required)
 - auction bid amount

IDL presents auction results to Idaho State Board
of Land Commissioners (Land Board) for approval

continued on next page



- UNLEASED LANDS - MINERALS and OIL & GAS LEASE ISSUANCE PROCESS

4. LEASE EXECUTION

- Bureau Staff revise lease to include pending lessee information
- Bureau Staff sends lease to pending lessee for notarized signature
- Lessee returns executed lease to IDL
- Final Office of Attorney General review of lease
- IDL submits lease to Director and Land Board for signatures
- Pending lessee submits to IDL any required financial assurance or other required documentation
- IDL sends fully executed lease to lessee and lease commences